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SUBJECT: JAGDEO HUFFS AND PUFFS, BUT WILL SIGN EU TRADE DEAL

¶1. (U) Summary: After weeks of sharply criticizing its provisions, President Jagdeo has begrudgingly agreed to sign onto the proposed CARICOM-EU Economic Partnership Agreement (EPA), citing the certain imposition of higher tariffs on Guyana's exports if he did not acquiesce. Despite his pledge to sign, Jagdeo promised to continue pushing for an altered agreement that excludes the services sector and/or includes more development assistance. The political opposition, academics, and private sector groups generally have supported the President's tough stance, although most seemed resigned to the fact that he has little choice but to sign on. End summary.

Jagdeo to Sign EPA under Threat of Higher Tariffs

¶2. (U) After several weeks of public and vociferous criticism of the EPA, President Jagdeo has agreed to sign it, but vowed to continue lobbying to alter its terms. In stating his intentions, Jagdeo cited the fact that if Guyana did not sign, key exports to Europe such as rum and rice would be subject to tariffs as high as 30 percent under the generalized system of preferences (GSP). His announcement followed a last-ditch proposal for a 'goods only' agreement instead of the full EPA. According to Jagdeo, the current draft agreement is unfair because it does not include enough development assistance for Guyana, and opens the door for European service firms to enter the region at a time when few Caribbean businesses are in a position to break into the EU market.

¶3. (SBU) The controversy surrounding the EPA came as a surprise to some members of Guyana's negotiating team in the Ministry of Trade and International Cooperation. Despite Jagdeo's assertion that more local players should have been consulted, team members assert that the GoG regularly met with the private sector while negotiating the EPA. The results of those discussions helped inform numerous Cabinet-level meetings on the subject throughout the four years of negotiations. When the GoG initialed the EPA in December 2007, the negotiating team believed it had reached an agreement that satisfied most of Guyana's major interests.

Public Support for the EPA Lacking

¶4. (U) A wide variety of Guyanese voices has echoed Jagdeo's public scorn. The opposition People's National Congress (PNC), academics, and business groups have been almost uniformly against the agreement, allowing Jagdeo to claim he has a 'consensus mandate' to oppose it. Criticisms by the former chief trade negotiator for the Caribbean, Shridath Ramphal, as well as multiple newspaper editorials and commentaries have helped build public sentiment against the agreement. The Chairman of the Private Sector Commission (PSC) -- one of the most influential business groups in Guyana -- has indicated the group supported Jagdeo's tough stance, while the Executive Director of the Georgetown Chamber of Commerce admitted that few in the business community understood the details of the EPA.

Comment

15. (SBU) The EPA is a rare issue on which Jagdeo, the opposition PNC, and the private sector have found common ground. A dearth of information about the EPA, the lack of a strong local advocate arguing in favor of it, and a healthy dose of skepticism about Europe's intentions has made it an easy target. Jagdeo likely saw this as an opportunity to appear as a regional leader saving CARICOM from an unjust deal, which flopped when his Caribbean colleagues refused to take the bait. With widespread Guyanese suspicions about the agreement abounding, Jagdeo's confrontational posture towards the EU and the agreement may have marginally increased his domestic standing. But the threat of higher tariffs on Guyanese exports to Europe allows Jagdeo to claim that he was 'forced' to sign, and may thus help him avoid negative political repercussions for doing so.
End comment.

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